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Esquire Realty (V) Limited

Annual report and financial statements

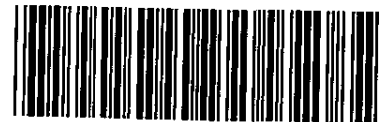
Registered number 44899 (Guernsey)

Company number FC032026

UK establishment number BR017096

Year ended

30 June 2014



A12	*A40IP3A3*	04/02/2015	#244
		COMPANIES HOUSE	
A19	*A3ZQFKUA*	24/01/2015	#81
		COMPANIES HOUSE	
A10		29/12/2014	#39
		COMPANIES HOUSE	

Directors and Advisors

Directors	David Manson Ted Smith
Company Number	44899 FC032026
UK Establishment Number	BR017096
Registered Office	Frances House Sir William Place St Peter Port Guernsey GY1 4HQ
Auditors	KPMG LLP One Snow Hill Snow Hill Queensway Birmingham B4 6GH United Kingdom

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Directors' report

The directors present their report and financial statements for the year ended 30 June 2014

Principal activities and review of the business

The principal activity of the company is that of property rental to other group companies

Results and dividends

The results for the year are set out on page 6

The directors do not recommend payment of an ordinary dividend for the period

Change of ownership

The Company, along with certain of the fellow subsidiaries of the Group previously known as European Care Group was acquired by Embrace Group Limited (previously Berlin Acquisition Limited) on 16 April 2014. Embrace Group Limited is funded by long term shareholder debt on which there are no cash servicing requirements. This places the Group in an extremely strong financial position and means that all of the cash generated by the Group is available to be reinvested for the benefit of the people that we support. In addition the Group has an undrawn facility of £10 million available to it in order to fund investment in the current estate and future developments.

From April 2014 the company has been resident in the UK for Corporation Tax purposes. It had previously been subject to UK income tax under HMRC's Non-resident landlord scheme.

Directors

The following directors have held office since 1 July 2013

ADL One Limited	(resigned 9 April 2014)
ADL Two Limited	(resigned 9 April 2014)
MDL Limited	(resigned 9 April 2014)
David Manson	
Ted Smith	

Company Secretary

The company secretary (Fidsec Limited) resigned on 9 April 2014. No new company secretary has been appointed.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

On 25 July 2014, KPMG LLP was appointed as auditor.

The auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

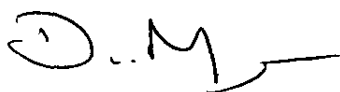
Directors' report *(continued)*

Preparation of accounts on Going Concern basis

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements in note 1

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

By order of the board



David Manson
Director

Frances House
Sir William Place
St Peter Port
Guernsey
GY1 4HQ

18 December 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with The Companies (Guernsey) Law 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESQUIRE REALTY (V) LIMITED

We have audited the financial statements of Esquire Realty (V) Limited for the year ended 30 June 2014 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Framework for Smaller Entities (effective April 2008) (UK Accounting Standards UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Board of Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- comply with the Companies (Guernsey) Law, 2008

Independent auditor's report to the members of Esquire Realty (V) Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion

- the Company has not kept proper accounting records, or
- the financial statements are not in agreement with the accounting records, or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report



Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

18 December 2014

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Profit and loss account
for the year ended 30 June 2014

	<i>Note</i>	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Turnover	2	468	702
Administrative income/(expenses) (includes exceptional income of £6,731,000 (2013 £Nil))	3	6,923	(2)
Operating profit		<u>7,391</u>	<u>700</u>
Interest payable and similar charges (includes exceptional costs of £Nil (2013 £81,000))	4	(197)	(415)
Impairment of fixed assets	5	(2,130)	(861)
Profit/(loss) on ordinary activities before taxation	3	<u>5,064</u>	<u>(576)</u>
Taxation on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) for the financial period	13	<u><u>5,064</u></u>	<u><u>(576)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses during the current year or preceding period apart from the profit/(loss) for the financial periods shown above

Note of historical cost profits and losses
for the year ended 30 June 2014

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Retained profit/(loss) on ordinary activities before taxation	5,064	(576)
Realised loss on revaluation of property from previous years	(32)	-
Historical cost profit/(loss) for the year before taxation	<u>5,032</u>	<u>(576)</u>
Historical cost profit/(loss) for the year after taxation	<u><u>5,032</u></u>	<u><u>(576)</u></u>

Balance Sheet
at 30 June 2014

	<i>Note</i>	30 June 2014		30 June 2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		3,099		5,229
Investments	8		-		-
			<u>3,099</u>		<u>5,229</u>
Current assets					
Debtors	9	1,591		2,208	
Creditors: amounts falling due within one year	10	(1,746)		(9,034)	
			<u>(155)</u>		<u>(6,826)</u>
Net current liabilities					
			<u>2,944</u>		<u>(1,597)</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	11		-		(523)
			<u>-</u>		<u>(523)</u>
Net assets/(liabilities)			<u>2,944</u>		<u>(2,120)</u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		2,944		(2,120)
			<u>2,944</u>		<u>(2,120)</u>
Shareholders' funds/(deficit)	14		<u>2,944</u>		<u>(2,120)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the board of directors on 18 December 2014 and were signed on its behalf by



David Manson
Director

Company registered number 44899

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of accounting

The financial statements are prepared under the historical cost convention, with the exception of freehold land and buildings, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Tangible fixed assets and depreciation

Valuation

Trading properties are re-valued professionally by independent valuers on a five year rolling basis

Surpluses arising from the professional valuation are taken directly to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve

Any deficit arising from the professional valuation of properties is taken directly to the revaluation reserve until the carrying amount reaches historical cost and thereafter, to the extent that the value in use can be demonstrated to be higher than valuation. Any other deficit arising is charged to the profit and loss account

Depreciation

Depreciation is charged on a straight line basis on freehold and long leasehold buildings over the estimated useful life of the asset. It is the company's policy to maintain the properties comprising the estate in such a condition that the residual values of the properties, based on prices prevailing at the time of acquisition or subsequent revaluation, are at least equal to their book values. As a result, the depreciation charged on freehold and long leasehold buildings is nil

It is the opinion of the directors that it is not practical or appropriate to separate from the value of the buildings the value of long life fixtures and fittings, which are an integral part of the buildings

An annual impairment review is carried out on such properties in accordance with FRS 11 and FRS 15

Investments

Fixed asset investments are stated at cost less provision for diminution in value

Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Embrace Group Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements

Notes (continued)

1 Accounting policies (continued)

Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. They have concluded that the Company has adequate resources to operate for the foreseeable future. In making this assessment the Directors have considered forecasts which take into account reasonably possible changes in trading performance.

Details of the Group's business activities, together with the factors likely to affect its future trading performance and financial position are set out in the Strategic Report of Embrace Group Limited. In addition to the funding already drawn, as at 30 June 2014, the Group had a further £10 million facility available to be drawn if required.

2 Turnover

Revenue comprises the fair value of rental income receivable for the year in respect of properties occupied by tenants and is recognised in respect of the days that properties have been occupied in the relevant period.

3 Profit/(loss) on ordinary activities before taxation

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
<i>Fees payable to the company's auditor</i>		
Audit of these financial statements	2	2
	<u>2</u>	<u>2</u>

Audit fees for the year ended 30 June 2014 have been paid by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

Exceptional items (credited)/charged to the profit and loss account is comprised of:

Administrative.

Release of intercompany balances ¹	(6,207)	-
Release of balances due to former group companies	(1)	-
Release of balance due to former related party	(523)	-
<i>Interest</i>		
Professional fees relating to refinancing (note 4)	-	81
	<u>(6,731)</u>	<u>81</u>

¹ The credit has arisen from the formal releases of inter-company balances as part of an ongoing group restructuring and simplification process.

4 Interest payable and similar charges

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
On bank loans and overdrafts	91	246
Other interest	85	88
Professional fees in relation to refinancing (note 3)	-	81
Intercompany interest	21	-
	<u>197</u>	<u>415</u>

Notes (continued)

5 Impairment of fixed assets

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Diminution in value	2,130	911
Reversal of previous fixed asset impairments	-	(50)
	<u>2,130</u>	<u>861</u>

The diminution is in relation to the revaluation of land and buildings detailed in note 7

6 Taxation

On the basis of these financial statements, no provision has been made for corporation tax

7 Tangible fixed assets

	Land and buildings £'000
Cost	
At beginning of year	5,229
Impairment	(2,130)
	<u>3,099</u>
At end of year	<u>3,099</u>
Depreciation	
At beginning and end of year	-
	<u>-</u>
Net book value	
At 30 June 2014	<u>3,099</u>
At 30 June 2013	<u>5,229</u>

The group's freehold units are re-valued professionally by independent valuers on a five year rolling basis. A full property portfolio revaluation was completed as at 30 August 2013 for the valuations at 30 June 2013 by an external valuer, Knight Frank LLP, on the basis of existing use value with regards to future income.

The valuations were in accordance with the requirements of the Royal Institute of Chartered Surveyors ("RICS") Valuation Standards, sixth edition and the International Valuation standards.

On a historical cost basis these would have been included at an original cost of £7,333,923 (30 June 2013 £7,333,923).

Notes (continued)

8 Fixed asset investments

	Share in group undertakings £'000
<i>Cost</i>	
At beginning and end of year	-
	<u> </u>
<i>Provisions for diminution in value</i>	
At beginning and end of year	-
	<u> </u>
<i>Net book value</i>	
At 30 June 2014 and 30 June 2013	-
	<u> </u>

Investment represents 1 ordinary share held in a wholly owned subsidiary, Esquire Realty Scotland (I) Limited, a property investment company incorporated in England & Wales

9 Debtors

	30 June 2014 £'000	30 June 2013 £'000
Amounts owed by parent and fellow subsidiary undertakings	1,590	2,206
Prepayments	-	2
Other debtors	1	-
	<u> </u>	<u> </u>
	1,591	2,208
	<u> </u>	<u> </u>

10 Creditors: amounts falling due within one year

	30 June 2014 £'000	30 June 2013 £'000
Trade creditors	-	4
Bank loans and overdrafts	-	4,568
Amounts owed to parent and fellow subsidiary undertakings	1,745	4,336
Other creditors	1	-
Accruals and deferred income	-	126
	<u> </u>	<u> </u>
	1,746	9,034
	<u> </u>	<u> </u>

Notes (continued)

11 Creditors' amounts falling due after more than one year

	30 June 2014 £'000	30 June 2013 £'000
Other creditors	-	523
	<u> </u>	<u> </u>

12 Called up share capital

	30 June 2014 £	30 June 2013 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

13 Reserves

	Profit and loss account £'000
At beginning of year	(2,120)
Profit for the financial year	5,064
	<u> </u>
At end of year	2,944
	<u> </u>

14 Reconciliation of movements in shareholders' funds

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Profit/(loss) for the financial year	5,064	(576)
Opening shareholders' deficit	(2,120)	(1,544)
	<u> </u>	<u> </u>
Closing shareholders' funds/(deficit)	2,944	(2,120)
	<u> </u>	<u> </u>

15 Remuneration of directors

The directors of the company are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

16 Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by Embrace Group Limited.

Notes *(continued)*

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Directors regard Embrace Realty Scotland Limited (formerly Esquire Realty (Scotland) Limited), a company registered in Scotland, as the immediate parent company of Esquire Realty (V) Limited, and as of 16 April 2014, Embrace Group Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Embrace Group Limited is beneficially owned by funds managed by Varde Partners and D E Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

18 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 21.